

FEDERAL COMMUNICATIONS COMMISSION

FY 2004 Budget Estimates to Congress

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FEDERAL COMMUNICATIONS COMMISSION

FY 2004 Budget Estimates to Congress

FY 2004 PROPOSED APPROPRIATION LANGUAGE

FEDERAL COMMUNICATIONS COMMISSION SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefore, as authorized by 5 U.S.C. 5901-5902; not to exceed \$600,000 for land and structure; not to exceed \$500,000 for improvement and care of grounds and repair to buildings; not to exceed \$4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109, **\$280,798,000** of which not to exceed \$300,000 shall remain available until September 30, 2005, for research and policy studies: **Provided, That, \$251,984,000 of offsetting collections shall be assessed and collected** pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: **Provided further, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year 2004 so as to result in a final fiscal year 2004 appropriation estimated at \$28,814,000:** **Provided further, That any offsetting collections received in excess of \$251,984,000 in fiscal year 2004 shall remain available until expended, but shall not be available for obligation until October 1, 2004.**

Note: A regular 2003 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 107-229, as amended). The amounts included for 2003 in this budget reflect the Administration's 2003 policy proposals.

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Legislative Proposals to be transmitted separately by the Office of Management and Budget, explanations of proposed legislation follow:

Analog Spectrum Lease Fee (Legislative proposal, subject to PAYGO):

Explanation of proposed legislation:

To facilitate clearing of the analog television broadcast spectrum and provide taxpayers some compensation for use of this scarce resource, the Administration will propose legislation authorizing the Federal Communications Commission (FCC) to establish an annual \$500 million lease fee on the use of analog spectrum by commercial broadcasters as of 2007. The FCC will promulgate a rulemaking to apportion the aggregate fee amount among commercial broadcasters. Upon return of its analog spectrum license to the FCC, an individual broadcaster will be exempt from the fee.

Spectrum Auction Authority (Legislative proposal subject to PAYGO):

Explanation of proposed legislation:

The Administration will propose legislation to extend indefinitely the FCC's auction authority, which expires in 2007 under current law.

Spectrum User Fee (Legislative proposal, subject to PAYGO):

Explanation of proposed legislation:

To continue to promote efficient spectrum use, the administration will propose legislation providing the FCC with new authority to use other economic mechanisms, such as fees, as a spectrum management tool. The FCC would be authorized to set user fees on unauctioned spectrum licenses based on public-interest and spectrum-management principles. Fees would be phased in over time as part of an ongoing rulemaking process to determine the appropriate application of and level for fees. Fee collections are estimated to begin in 2005.

Full Funding of Federal Retiree Costs included in the Appropriations request for FY 2004

Funding for the proposed legislation is not contained in FCC's request but is shown in separate exhibits in the President's Budget.

Explanation of proposed legislation:

The Administration has proposed legislation to require agencies, beginning in FY 2004, to pay the full Government share of the accruing cost of retirement for current CSRS, CIA and Foreign Service employees and the Coast Guard, Public Health Service and NOAA Commissioned Corps. The legislation also requires agencies to pay the full accruing cost of post-retirement health benefits for current civilian employees and the post-retirement health costs of all retirees (and their dependents/survivors) of the Uniformed Services (DoD, Coast Guard, Public Health Service, and NOAA Commissioned Corps).

**FY 2004 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)**

	<u>FTEs</u>	<u>\$ AMOUNT</u>
<u>Summary of adjustments to base and built-in changes:</u>		
FY 2004 Base Funding Level (Assumes the FY 2003 Request Level and estimated FTE level for FY 2003)	1,995	\$ 268,327
<hr/>		
<u>Uncontrollable and Inflationary Increases to Base</u> <u>(required to maintain support of agency initiatives at FY 2002 levels):</u>		
1. <u>Compensation and Benefits</u>		
a. FY 2003 Annualized Pay Raise/Locality Pay Adjustment @3.1%, for (25% of Fiscal Year)		\$ 1,529
b. FY 2004 Pay Raise and Locality Pay Adjustment (2.0%) includes associated increase to benefit costs for (75% of Fiscal Year)		\$ 3,194
2. <u>Non-Salary</u>		
a. FY 2003 amount required for inflationary increases to cover space rentals (GSA and non-GSA)/Mail/ADP production support and maintenance/misc.		\$ 1,648
		<hr/>
Subtotal Uncontrollable and Inflationary Increases:		\$ 6,371

FY 2004 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Adjustments
(Dollars in Thousands)

	<u>FTEs</u>	<u>\$</u> <u>AMOUNT</u>
<u>Programmatic Increases to the Base:</u>		
1. Provide Inspector General with audit support for oversight on all Commission programs and operations.		\$ 3,000
2. Provide enclosed test facility to allow more efficient and effective testing of equipment by laboratory engineers.		\$ 500
3. Provide FTEs plus support to enhance engineering staff to support the Commission's Excellence in Engineering program.	20	\$ 2,600
Subtotal Programmatic Increases:		\$ 6,100
<hr/>		
Total Requested Increase to Base:		\$ 12,471
<hr/>		
Total FY 2004 Commission Request:	2,015	\$ 280,798

FY 2004 Budget Estimates to Congress
ANALYSIS OF CHANGE
Summary of Proposed Budget Authority
[Dollars in Thousands]

	FY 2003		FY 2004		Requested Changes	
	FTE	\$ B/A	FTE	\$ B/A	FTE	\$ B/A
Direct Funding		<u>28,814</u>		<u>28,814</u>		
Total Direct Appropriation		28,814		28,814		\$0
Budget Authority to use						
Offsetting Collections:		<u>239,513</u>		<u>251,984</u>		
1) Total Regulatory Fees		239,513		251,984		\$12,471
Subtotal Appropriated B/A	1,995	\$268,327	2,015	\$280,798	20	\$12,471
Authority to spend						
Other Offsetting Collections:						
2) Reg. Fees (Sec. 9) Carryover		5,805		--		
3) Economy Act/Misc. Other Reimbursables		1,300		1,300		
4) Auction Cost Recovery Reimbursements		96,805		98,742		
Total Gross Budget Authority		\$372,237		\$380,840		
Additional Direct Budget Authority to Cover:						
President's Proposal for Pension - Health Benefits						
Legislation 1/		\$1,000		\$1,000		

1/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

**FY 2004 Budget Estimates to Congress
ORGANIZATIONAL TABLE**

The distribution of Full Time Equivalents (FTEs) listed below by fiscal year reflects the planned allocation of Commission resources. These levels are based on a combination of assumptions regarding estimated workload and anticipated funding levels as presented throughout this document.

	<u>Estimate FY2002 FTE</u>	<u>Estimate FY2003 FTE</u>	<u>Proposed FY2004 FTE</u>	<u>Proposed Change +/-</u>
Office of the Commissioners	32	42	42	0
Consumer & Governmental Affairs Bureau ..1/...	213	214	214	0
Enforcement Bureau	301	315	315	0
International Bureau	145	143	143	0
Media Bureau2/...	274	260	260	0
Wireline Competition Bureau3/....	233	216	216	0
Wireless Telecommunications Bureau	316	320	320	0
Office of Administrative Law Judges	4	5	5	0
Office of Commun. Business Opportunities	7	6	6	0
Office of Engineering & Technology.....	109	115	135 4/	20
Office of the General Counsel	77	77	77	0
Office of Inspector General	11	12	12	0
Office of Legislative Affairs	12	13	13	0
Office of the Managing Director	221	220	220	0
Office of Media Relations	12	12	12	0
Office of Plans & Policy	19	19	19	0
Office of Workplace Diversity	6	6	6	0
Commission FTE Totals	1,992	1,995	2,015	20

- 1/ Reflects total FTEs following reorganization in March 2002 of Consumer Information Bureau and Intergovernmental functions.
2/ Reflects total FTEs following reorganization in March 2002 of Mass Media Bureau and Cable Services Bureau.
3/ Reflects total FTEs following reorganization in March 2002 of Common Carrier Bureau.
4/ Portion of proposed engineering staff increase will be distributed to other Bureaus as need arises.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

LICENSING ACTIVITY				
This activity includes the authorization or licensing of radio stations, telecommunications equipment and radio operators, as well as the authorization of common carrier and other services and facilities. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with licensing activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
International Bureau	43	43	43	0
Media Bureau	157	141	141	0
Office of Engineering & Technology	24	25	25	0
Wireless Telecommunications Bureau	192	194	193	-1
Total FTEs – Licensing	416	403	402	-1

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

COMPETITION ACTIVITY				
This activity includes formal inquiries, rule making proceedings to establish or amend the Commission's rules and regulations, action on petitions for rule making and requests for rule interpretations or waivers; economic studies and analyses; and development of equipment standards. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with activities to promote competition in the public interest.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	18	18	18	0
International Bureau	50	49	49	0
Media Bureau	83	81	80	-1
Office of Engineering & Technology	14	14	14	0
Wireless Telecommunications Bureau	89	91	91	0
Wireline Competition Bureau	233	232	232	0
Total FTEs – Competition	487	485	484	-1

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

ENFORCEMENT ACTIVITY				
This activity includes enforcement of the Commission's rules, regulations and authorizations - including investigations, inspections, compliance monitoring and sanctions of all types. It also includes the receipt and disposition of formal complaints regarding common carrier rates and services, the review and acceptance/rejection of carrier tariffs; and the review, prescription and audit of carrier accounting practices. Additionally, it also includes policy direction, program development, legal services, and executive direction, as well as support services associated with enforcement activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Enforcement Bureau	376	397	396	-1
International Bureau	3	3	2	-1
Media Bureau	54	50	50	0
Office of Engineering & Technology	4	4	4	0
Wireless Telecommunications Bureau	11	14	14	0
Wireline Competition Bureau	58	39	39	0
Total FTEs – Enforcement	506	507	505	-2

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

CONSUMER INFORMATION SERVICES ACTIVITY				
This activity includes the publication and dissemination of Commission decisions and actions, and related activities; public reference and library services; the duplication and dissemination of Commission records and databases; the receipt and disposition of public inquiries and informal consumer complaints; consumer, small business and public assistance; and public affairs and media relations. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with consumer information activities.				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	248	252	252	0
International Bureau	10	10	10	0
Media Bureau	15	15	15	0
Office of Engineering & Technology	8	8	8	0
Wireless Telecommunications Bureau	19	18	18	0
Total FTEs – Consumer Info. Services	300	303	303	0

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

SPECTRUM MANAGEMENT ACTIVITY				
<p>This activity includes management of the electromagnetic spectrum as mandated by the Communications Act of 1934 as amended. Spectrum management includes the structure and processes for allocating, assigning and regulating the use of this scarce resource to the private sector and state and local governments in a way that promotes competition while ensuring that the public interest is best served. In order to manage spectrum in both an efficient and equitable manner, the Commission evaluates needs, prepares economic, technical and engineering studies, coordinates with Federal agencies, develops cross-border sharing arrangements, and represents U.S. interest in international fora. It also includes policy direction, program development, legal services, and executive direction, as well as support services associated with spectrum management activities.</p>				
	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
International Bureau	76	75	75	0
Media Bureau	35	40	40	0
Office of Engineering & Technology	88	95	119	24
Wireless Telecommunications Bureau	84	87	87	0
Total FTEs – Spectrum Management	283	297	321	24

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress

Full-Time Equivalent (FTE) Detail Distribution by Activity

The following table summarizes by organization the total number of FTEs available to conduct the five major activities. These totals include both direct organizational FTEs, as well as FTE workyear effort provided by staff offices to support policy direction, program support, legal services, and executive direction, as well as support services for all five major activities.

	Estimate FY 2002 FTE	Estimate FY 2003 FTE	Estimate FY 2004 FTE	Net Activity (+/-)
Consumer & Governmental Affairs Bureau	266	270	270	0
Enforcement Bureau	376	397	396	-1
International Bureau	182	180	179	-1
Media Bureau	344	327	326	-1
Office of Engineering & Technology	138	146	170	24
Wireless Telecommunications Bureau	395	404	403	-1
Wireline Competition Bureau	291	271	271	0
Commission FTE Totals	1,992	1,995	2,015	20

Note: The projected distribution of FTEs is based on information reported through various internal personnel and financial systems, and represents estimated FTEs for each activity as of the time this document was prepared. The FCC is in the process of developing and implementing a cost accounting system which will capture FTE data more accurately. The new system should be operational in FY 2004.

FY 2004 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

The Federal Communications Commission's budget estimates for Fiscal Year 2004 are summarized below:

DISTRIBUTION OF BUDGET AUTHORITY:	FY 2002 Actual BA	FY 2003 Policy BA	FY 2004 Request BA	Change to Appropriated Budget Authority
Direct Appropriation:				
Current: (P.L. 107-77 FY 2002)	\$26,314	\$28,814	\$28,814	\$0
Authority to Spend Offsetting Collections:				
Regulatory Fees	218,757	239,513	251,984	12,471
Appropriation Total (Prior to Rescission/Lapse):	\$245,071	\$268,327	\$280,798	\$12,471
Rescission: (P.L. 107-206)	(29)	--	--	--
Lapsed Year End:	(2)			
Authority to spend				
Other Offsetting Collections:				
1) No-year Carryover Funds (Prior year)	\$13,143 1/	\$5,805 3/	--	--
2) Economy Act/Misc.Other	1,212	1,300	1,300	--
3) Auctions Cost Recovery				--
Reimbursements (P.L. 104-104)	77,918	96,805	98,742	
Subtotal Other Offsetting Collections:	\$92,273	\$103,910	\$100,042	--
Unobligated Offsetting Collections (EOY)				
Available to be carried forward:		TBD	TBD	--
Prior Year Reg Fees (Sec 9) carryover	4,638	(4,638) 2/	--	--
Prior Year Reg Fees (Sec 9) carryover -recoveries ..	59	--	--	--
Current Year Reg Fees Available Oct. 1, 2003	1,108	--	--	--
Total unobligated balance to carry forward into FY 2003:	5,805			
Lapsed Year End	(6)	--	--	--
Total Budget Authority -				
Available to incur obligations in FY 2002:	\$337,344	\$372,237	\$380,840	--
Obligated as of EOFY 2002:	\$332,669	TBD	TBD	
Additional Direct Budget Authority to Cover:				
President's Proposal for Pension - Health Benefits				
Legislation 4/	\$1,000	\$1,000	\$1,000	

1/ Includes \$6,488,000 in Auctions operating carryover funds (XA) and \$6,655,000 in carryover regulatory fees (XR).

2/ \$4,638,270 in regulatory fees (XR) not available for obligation in FY 2002 were carried forward into FY 2003.

3/ Includes \$4,638,270 in prior year regulatory fees; also includes \$1,108,118 in FY 2002 no year regulatory fee collections authorized for use October 1, FY 2003; plus \$58,519 in funds recovered from prior year obligations.

4/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

FY 2004 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

DISTRIBUTION OF OBLIGATIONS:

Note: The distribution of obligations between Direct B/A and Regulatory Fees(Offsetting Collections) is based on a percentage ratio of direct and regulatory fee authority to the total Appropriations B/A for each fiscal year.

	<u>FY 2002</u> <u>Estimate</u>		<u>FY 2003</u> <u>Estimate</u>		<u>FY 2004</u> <u>Request</u>		<u>Change to</u> <u>Appropriated</u> <u>Obligations</u>
<u>Direct Appropriation:</u>							
Personnel Compensation	\$15,062		\$16,247		\$16,247		\$0
Personnel Benefits	3,354		3,670		3,670		0
Benefits to Former Employees	7		7		7		0
Other Obligations	7,860		8,890		8,890		0
Sum - Direct Obligations	26,283		28,814		28,814		0
<u>Offsetting Collections - Obligations:</u>							
Regulatory Fees	218,757		239,513		251,984		12,471
Subtotal - Obligations from Appropriated Funds:	\$245,040	1/	\$268,327		\$280,798		\$12,471
(Less Rescission/Lapsed):							
Obligations - Other Offsetting Collections							
1) No-year Carryover Funds (Prior year)	\$8,503	2/	\$5,805	3/	--		--
2) Economy Act/Misc.Other	1,209		1,300		1,300		--
3) Auctions Cost Recovery							
Reimbursements (P.L. 104-104)	77,917		96,805		98,742		--
Subtotal - Obligations							
from Other Offsetting Collections	\$87,629		\$103,910		\$100,042		--
TOTAL OBLIGATIONS	\$332,669		\$372,237		\$380,840		
TOTAL OUTLAYS	\$336,140		\$374,000		\$379,000		
(Includes Direct & All Offsetting Collections)							--
Additional Direct Budget Authority to Cover:							
President's Proposal for Pension - Health Benefits							
Legislation 4/							
TOTAL OBLIGATIONS	\$1,000		\$1,000		\$1,000		
TOTAL OUTLAYS	\$1,000		\$1,000		\$1,000		

1/ In FY 2002 \$29,000 was rescinded per P.L. 107-206, \$1,583 lapsed at year end.

2/ \$4,638,270 in regulatory fees (XR) not available for obligation in FY 2002 were carried forward into FY 2003.

3/ Includes \$4,638,270 in prior year regulatory fees; also includes \$1,108,118 in FY 2002 no year regulatory fee collections authorized for use October 1, FY 2003; plus \$58,519 in funds recovered from prior year obligations.

4/ Represents net budget authority shown in the President's Budget for the President's Proposal for Pension - Health Benefits legislation, under proposal funding to cover remaining estimated costs of \$10M in FY 2002, \$11M in FY 2003, and \$12M in FY 2004 would come from offsetting collections.

FY 2004 Budget Estimates to Congress
Summary of Requested Resources
[Dollars in Thousands]

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Total Compensable Workyears:			
Full-Time Equivalent employment [FTEs]	1,992	1,995	2,015
 Proposed Distribution: 1/			
Direct	184	177	178
Offsetting Collections	1,800	1,810	1,829
Auctions Credit Program Account	8	8	8

1/ The distribution of FTEs between Direct and Reimbursable is estimated based on the prorata distribution of compensation funds available from Direct Appropriation and Offsetting Collections. Offsetting Collections include Regulatory Fees, Auction Receipts for Direct Auctions Program operating costs including the costs of maintaining Credit program accounts (8 FTEs), and certain Economy Act Reimbursables.

FY 2004 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

SUMMARY

	<u>FY 2002 Actual (Enacted)</u>	<u>FY 2003 Policy Estimate</u>	<u>FY 2004 Estimate</u>	<u>Chg. to Requested Budget Authority</u>
Gross Direct Appropriations including Regulatory Fee Authority:	\$245,071	\$268,327	\$280,798	\$12,471
Rescission (P.L. 107-206)	(29)	--	--	--
Lapsed Year-End	(2)	--	--	--
Subtotal -- Direct Appropriations as adjusted	<u>\$245,040</u>	<u>\$268,327</u>	<u>\$280,798</u>	<u>\$12,471</u>
Pension/Health Benefits Legislation 1/	--	--	--	--
Subtotal -- Direct Approp. including Health Benefits Legislation	<u>\$245,040</u>	<u>\$268,327</u>	<u>\$280,798</u>	<u>\$12,471</u>
No Year Carryover Authority:				
-- Regulatory Fees (Sec. 9) 2/	\$2,017	\$5,805	\$--	\$--
-- Auctions Carryover 3/	<u>6,486</u>	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal -- No Year Carryover Authority	<u>\$8,503</u>	<u>\$5,805</u>	<u>\$--</u>	<u>\$--</u>
Other Authority:				
-- Auctions Costs Recovery Reimbursable Authority	\$77,917	\$96,805	\$98,742	\$--
-- Government/Other Reimbursable Authority	<u>1,209</u>	<u>1,300</u>	<u>1,300</u>	<u>--</u>
Subtotal -- Other Authority	<u>\$79,126</u>	<u>\$98,105</u>	<u>\$100,042</u>	<u>\$--</u>
TOTAL GROSS BUDGET AUTHORITY (Net):	\$332,669	\$372,237	\$380,840	\$12,471

1/ Per OMB estimates for proposed legislation requiring agencies to pay the full government share of accruing cost of retirement for CSRS and post-retirement health benefits will be included in a separate exhibit.

2/ Reflects portion of carryover regulatory fees that House Appropriation Subcommittee approved for obligation for FY 2002. \$4,638,270 carried into FY 2002 was not approved for obligation and was carried into FY 2003.

3/ Reflects funds carried forward from FY 2001 into FY 2002 for the Auctions program.

FY 2004 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

-- The following tables depict the prorata distribution of personnel compensation and benefits and other estimated obligations for Fiscal Years 2002-2004 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

DIRECT AUTHORITY - CURRENT:		FY 2002	FY 2003	FY 2004	Increase to
		<u>Actual (Enacted)</u>	<u>Policy Estimate</u>	<u>Request</u>	<u>Direct B.A.</u>
11	Personnel Compensation	\$15,062	\$16,247	\$16,247	\$--
12	Personnel Benefits	3,354	3,670	3,670	--
13	Benefits for Former Personnel	7	7	7	--
Other Obligations by Object Class					
21	Travel & Transportation of Persons	129	220	220	--
22	Transportation of Things	12	12	12	--
23.1	GSA Rents	3,035	3,232	3,232	--
23.3	Other Rents, Communications, Utilities	666	720	720	--
24	Printing	154	154	154	--
25.2	Other Services	1,037	1,047	1,047	--
25.3	Federal Purchases, Goods, & Services	274	284	284	--
25.7	Operation/Maint. of Equip./Software/Information	1,829	2,330	2,330	--
26	Supplies & Materials	197	200	200	--
31	Equipment/Software	519	682	682	--
32	Land, Buildings, Structures	1	1	1	--
42	Insurance Claims & Indemnities	7	8	8	--
Subtotal Direct Authority Obligations		\$26,283 4/	\$28,814	\$28,814	\$--

4/ Reflects rescission of \$29,000 per P.L. 107-206 and lapsed funding of approximately \$2,000.

FY 2004 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

-- The following tables depict the prorata distribution of personnel compensation and benefits and other estimated obligations for Fiscal Years 2002-2004 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

AUTHORITY TO USE OFFSETTING COLLECTIONS:		FY 2002	FY 2003	FY 2004	Increase to
		<u>Actual (Enacted)</u>	<u>Policy Estimate</u>	<u>Estimate</u>	<u>Offset. Collect.</u>
REGULATORY FEES - CURRENT:					
11	Personnel Compensation	\$125,353	\$135,051	\$140,437	\$5,386
12	Personnel Benefits	27,909	30,508	31,945	1,437
13	Benefits for Former Personnel	60	60	60	--
Other Obligations by Object Class					
21	Travel & Transportation of Persons	1,072	1,826	1,915	89
22	Transportation of Things	102	102	105	3
23.1	GSA Rents	25,262	26,861	27,844	983
23.3	Other Rents, Communications, Utilities	5,547	5,984	6,118	134
24	Printing	1,277	1,277	1,306	29
25.2	Other Services	8,635	8,705	11,896	3,191
25.3	Federal Purchases, Goods, & Services	2,282	2,364	2,417	53
25.7	Operation/Maint. of Equip./Software/Information	15,226	19,365	19,690	325
26	Supplies & Materials	1,643	1,664	1,737	73
31	Equipment/Software	4,321	5,668	5,936	268
32	Land, Buildings, Structures	11	11	511	500
42	Insurance Claims & Indemnities	57	67	67	--
Total Obligations from Regulatory Fees		\$218,757	\$239,513	\$251,984	\$12,471
Total Obligations from Direct Appropriations		\$245,040	\$268,327	\$280,798	\$12,471

FY 2004 Budget Estimates to Congress
SUMMARY TABLES
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

-- The following tables depict the prorata distribution of personnel compensation and benefits and other estimated obligations for Fiscal Years 2002-2004 based on a percentage ratio of direct and offsetting collections budget authority to the total Budget Authority for each fiscal year.

AUTHORITY TO USE OFFSETTING COLLECTIONS:		FY 2002	FY 2003	FY 2004	Increase to
		<u>Actual (Enacted)</u>	<u>Policy Estimate</u>	<u>Estimate</u>	<u>Offset. Collect.</u>
REGULATORY FEES - CURRENT:					
11	Personnel Compensation	\$125,353	\$135,051	\$140,437	\$5,386
12	Personnel Benefits	27,909	30,508	31,945	1,437
13	Benefits for Former Personnel	60	60	60	--
Other Obligations by Object Class					
21	Travel & Transportation of Persons	1,072	1,826	1,915	89
22	Transportation of Things	102	102	105	3
23.1	GSA Rents	25,262	26,861	27,844	983
23.3	Other Rents, Communications, Utilities	5,547	5,984	6,118	134
24	Printing	1,277	1,277	1,306	29
25.2	Other Services	8,635	8,705	11,896	3,191
25.3	Federal Purchases, Goods, & Services	2,282	2,364	2,417	53
25.7	Operation/Maint. of Equip./Software/Information	15,226	19,365	19,690	325
26	Supplies & Materials	1,643	1,664	1,737	73
31	Equipment/Software	4,321	5,668	5,936	268
32	Land, Buildings, Structures	11	11	511	500
42	Insurance Claims & Indemnities	57	67	67	--
Total Obligations from Regulatory Fees		\$218,757	\$239,513	\$251,984	\$12,471
Total Obligations from Direct Appropriations		\$245,040	\$268,327	\$280,798	\$12,471

**FY 2004 Budget Estimates to Congress
SUMMARY TABLES**

**NO-YEAR/CARRYOVER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES**

(Dollars in Thousands)

CARRYOVER REGULATORY FEES (NO-YEAR):

- The following table depicts the estimated distribution of obligations from cumulative Regulatory Fees collected in excess of legislative levels which are available for obligation until expended. Reflects portion of carryover regulatory fees that the House Appropriation Subcommittee approved for obligation for FY 2002. \$4,638,270 carried into FY 2002 was not approved for obligation and was carried in FY 2003.

	<u>FY 2002 Actual</u>	<u>FY 2003 Estimate</u> 5/	<u>FY 2004 Estimate</u>
11 Personnel Compensation	\$--	\$4,705	\$--
12 Personnel Benefits	--	1,100	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	44	--	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	26	--	--
24 Printing	--	--	--
25.2 Other Services	1,449	--	--
25.3 Federal Purchases, Goods, & Services	22	--	--
25.7 Operation/Maint. of Equip./Software/Information	186	--	--
26 Supplies & Materials	--	--	--
31 Equipment/Software	290	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Regulatory Fees (No-Year)	\$2,017	\$5,805	\$--

- 5/ For presentation purposes, regulatory fees were allocated to compensation and benefits pending resolution of appropriation status for FY 2003. Actual use will require approval from Congress.

**FY 2004 Budget Estimates to Congress
SUMMARY TABLES**

**NO-YEAR/CARRYOVER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)**

CARRYOVER AUCTIONS (NO-YEAR):

- The following table depicts the distribution of estimated obligations from Auctions funds brought forward from available unobligated balances for the purpose of conducting auctions in FY 2002. Under FY 2003 apportionment process for permanent indefinite accounts this Budget Authority has not been utilized in FY 2003 or FY 2004.

	FY 2002 <u>Actual</u>	FY 2003 <u>Estimate</u>	FY 2004 <u>Estimate</u>
11 Personnel Compensation	\$1,852	\$--	\$--
12 Personnel Benefits	409	--	--
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	21	--	--
22 Transportation of Things	--	--	--
23.1 GSA Rents	683	--	--
23.3 Other Rents, Communications, Utilities	116	--	--
24 Printing	--	--	--
25.2 Other Services	2,696	--	--
25.3 Federal Purchases, Goods, & Services	12	--	--
25.7 Operation/Maint. of Equip./Software/Information	508	--	--
26 Supplies & Materials	50	--	--
31 Equipment/Software	139	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Auctions Carryover (No-Year)	\$6,486	\$--	\$--

**FY 2004 Budget Estimates to Congress
SUMMARY TABLES**

**OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES**

(Dollars in Thousands)

AUCTIONS COST RECOVERY REIMBURSABLE AUTHORITY:

-- The following table depicts the distribution of estimated FY 2002, FY 2003 and FY 2004 obligations utilizing auctions costs recovery reimbursable authority (P.L. 104-104).

	FY 2002	FY 2003	FY 2004	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	6/
11 Personnel Compensation	\$20,582	\$26,464	\$26,993	
12 Personnel Benefits	3,909	5,158	5,261	
13 Benefits for Former Personnel	--	9	9	
Other Obligations by Object Class				
21 Travel & Transportation of Persons	167	430	439	
22 Transportation of Things	12	9	9	
23.1 GSA Rents	4,194	6,383	6,511	
23.3 Other Rents, Communications, Utilities	1,692	2,293	2,339	
24 Printing	101	180	184	
25.2 Other Services	28,755	36,417	37,145	
25.3 Federal Purchases, Goods, & Services	1,332	1,331	1,358	
25.7 Operation/Maint. of Equip./Software/Information	6,099	10,564	10,775	
26 Supplies & Materials	375	490	500	
31 Equipment/Software	10,699	7,077	7,219	
32 Land, Buildings, Structures	--	--	--	
42 Insurance Claims & Indemnities	--	--	--	
Total Auctions Costs Recovery				
Reimbursable Authority 7/	\$77,917	\$96,805	\$98,742	

6/ FY 2004 estimates include adjustments for uncontrolled cost increases to address pay raise and inflation at the same level as recommended in the President's Budget for FY 2003.

7/ Does not include administrative costs of the Credit Program.

FY 2004 Budget Estimates to Congress
SUMMARY TABLES

OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

GOVERNMENT/OTHER REIMBURSABLE AUTHORITY:

-- The following table depicts the Economy Act/Other Reimbursable estimated FY 2002, FY 2003 and FY 2004 obligations.

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$76	\$100	\$100
12 Personnel Benefits	18	20	20
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	101	105	105
22 Transportation of Things	39	40	40
23.1 GSA Rents	--	--	--
23.3 Other Rents, Communications, Utilities	2	5	5
24 Printing	--	--	--
25.2 Other Services	220	220	220
25.3 Federal Purchases, Goods, & Services	95	100	100
25.7 Operation/Maint. of Equip./Software/Information	13	20	20
26 Supplies & Materials	139	140	140
31 Equipment/Software	506	550	550
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Govt./Other Reimbursable Authority	\$1,209	\$1,300	\$1,300

FY 2004 Budget Estimates to Congress
SUMMARY TABLES

OTHER BUDGET AUTHORITY
DISTRIBUTION OF RESOURCES
(Dollars in Thousands)

CREDIT PROGRAM ACCOUNT:

- The following table depicts the distribution of obligations from the Credit Program account for FY 2002, and estimated obligations for FY 2003 and FY 2004. These obligations are presented in separate schedules apart from the Salaries & Expenses account and funded from Permanent Indefinite Authority.

	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
11 Personnel Compensation	\$799	\$1,005	\$1,025
12 Personnel Benefits	204	261	266
13 Benefits for Former Personnel	--	--	--
Other Obligations by Object Class			
21 Travel & Transportation of Persons	--	--	--
22 Transportation of Things	--	--	--
23 Misc. Rents/Commun./Utilities	--	--	--
24 Printing	--	--	--
25 Other Services	8,156	11,700	11,937
26 Supplies & Materials	--	17	17
31 Equipment/Software	--	--	--
32 Land, Buildings, Structures	--	--	--
42 Insurance Claims & Indemnities	--	--	--
Total Credit Program	\$9,159	\$12,983	\$13,245

FY 2004 Budget Estimates to Congress

FY 2004 SUMMARY OF INCREASES BY BUDGET OBJECT CLASS CODE (Dollars in thousands)

BOCC 11.00/12.00/13.00 - Salary Costs (net).....	\$6,823
(• Fixed Costs	\$4,723)
(• Programmatic Increases.....	\$2,100)
BOCC 21-42 - Other Obligations	\$5,648
(• Fixed Costs	\$1,648)
(• Programmatic Increases.....	\$4,000)
Total Increase.....	\$+12,471

This section provides a description of the increased funding requested for FY 2004 by budget object class code. These requested increments are to be funded from Direct Budget Authority and Offsetting Collections (regulatory fees) available to the FCC.

Personnel Changes

BOCC 11.00 Compensation.....	\$+5,386
• Pay Raise for 75% of FY 2004 Provides funds for uncontrollable cost increases resulting from the FY 2004 pay raise (2.0%) effective January 2004 (75% of FY 2004)	2,460
• Pay Raise annualized for FY 2003 Provides funds for uncontrollable cost increases which are the result of the FY 2003 pay raise annualized for 25% of FY 2004.....	1,246
• Funds for 20 Full-Time Equivalent (FTE) positions Provides funds for 20 additional FTEs with engineering expertise to be devoted to identifying spectrum for new services, handling increased complexities of spectrum sharing and interference analyses, and developing flexible use policies. In addition the increase in staff would enhance the effectiveness of the agency's work on media related digital service issues, wireless and network homeland security issues and advanced wireless and high speed internet access issues.....	1,680
BOCC 12.00 Benefits.....	\$+1,437
• Benefits associated with compensation increases necessary to fund the pay raise for 75% of FY 2004 Provides funds for uncontrollable increased benefits costs to the agency for 75% of FY 2004 for the pay raise	561

• Benefits annualized for FY 2003 Provides funds for uncontrollable increased costs of agency benefits associated with FY 2003 pay raise annualized for 25% of FY 2004.....	283
• Benefits to support 20 FTE positions Provides funds to support the requested 20 FTEs	420
• Health Benefits annualized for FY 2003 Provides annualized increase to health benefits costs above anticipated FY 2003 levels.....	108
• Workers' Compensation Provides funds for uncontrollable increased costs of Workers' Compensation	65
<u>BOCC 13.00 Benefits for Former Personnel</u>	\$0

Other Obligations

<u>BOCC 21.00 Travel and Transportation of Persons</u>	\$+89
• Domestic/International/Joint Board Travel Provides additional funds for travel and transportation costs, developed in accordance with the Office of Management and Budget guidelines to cover inflationary cost (2.0%) (\$24,000); and travel funds to support the requested 20 FTEs (\$64,000).....	88
• Leased, Passenger Vehicles Provides inflationary cost increases (2.0%)	1
<u>BOCC 22.00 Transportation of Things</u>	\$+3
• Parcel Post Provides inflationary cost increases (2.0%)	1
• Rent, Non-Passenger GSA and Commercial Vehicles Provides inflationary cost increases (2.0%)	2
<u>BOCC 23.00 Rents, Communications, Utilities</u>	\$+1,117
• GSA Rent and Fees Provides funds to cover the increase in rental costs for GSA to provide office space to the FCC in FY 2004 at Portals II (\$745,000), Portals I (\$64,000), field office space (\$41,000) and the warehouse (\$5,000).....	855
• Other Rent, Communications and Utilities Provides funds for office space rental costs for the requested 20 FTEs	128

• Non-GSA Space Rent Provides funds for inflationary cost increases (2.0%).....	20
• GSA and Non-GSA Telephones Provides funds for inflationary cost increases (2.0%).....	61
• Mail Service--Postage Provides funds for inflationary cost increases (2.0%).....	15
• GSA, Electric, Other Utilities Provides funds for inflationary cost increases (2.0%).....	9
• Telecommunications Service--Non-GSA/Messenger Service Provides funds for inflationary cost increases (2.0%).....	7
• Other Equipment Rental/Copier Rental Provides funds for inflationary cost increases (2.0%).....	22
<u>BOCC 24.00 Printing and Reproduction</u>	\$+29
• Printing/Reproduction/Binding Provides funds for inflationary cost increases (2.0%).....	29
<u>BOCC 25.00 Other Contractual Services</u>	\$+3,569
• Contract Services -- Audit Support Provides funds to support audit activities of the Inspector General to ensure the integrity of commission programs including audits of the annual financial statement, audits of the workplace violence program, commercial contract audits and annual evaluation of the Government Information Securities Act (GSRA).....	3,000
• Contract Services--Non-Federal Provides funds for inflationary cost increases (2.0%).....	161
• ADP Data Retrieval Services Provides funds for inflationary cost increases (2.0%).....	12
• Training/Tuition/Fees Provides funds for inflationary cost increases (2.0%).....	18

• Contract Purchases - Federal	
Provides funds for inflationary cost increases (2.0%) for guard services (Wackenhut only)	9
• Interagency Contracts	
Provides funds for inflationary cost increases (2.0%)	44
• Field Office Buildings/Grounds	
Provides funds for inflationary cost increases (2.0%)	1
• Space Repair	
Provides funds for inflationary cost increases (2.0%)	13
• Health Services	
Provides funds for inflationary cost increases (2.0%)	1
• Repair/Maintenance of Vehicles	
Provides funds for inflationary cost increases (2.0%)	2
• ADP Software/Equipment Maintenance	
Provides funds for inflationary cost increases (2.0%)	26
• Repair Office Equipment/Furniture	
Provides funds for inflationary cost increases (2.0%)	11
• ADP Service Contracts	
Provides funds for inflationary cost increases (2.0%)	271
<u>BOCC 26.00 Supplies and Materials</u>	\$+73
• Supplies and Materials	
Provides funds to support the requested 20 FTEs	40
• Field Fuel Supplies	
Provides funds for inflationary cost increases (2.0%)	1
• ADP Supplies	
Provides funds for inflationary cost increases (2.0%)	1
• Comm. Subscriptions/Periodicals	
Provides funds for inflationary cost increases (2.0%)	9

• General Supplies/Materials	
Provides funds for inflationary cost increases (2.0%).....	22
<u>BOCC 31.00 Equipment</u>	\$+268
• Equipment Requirements for 20 FTEs	
Provides funds for information technology equipment, as well as workstations to support the requested 20 FTEs	268
<u>BOCC 32.00 Lands and Structures</u>	\$+500
• Field Office Test Facility	
Provides funds to complete an enclosed test facility to measure radio frequency emissions from radio transmitters year round	
under all weather conditions. (Funding for architectural and engineering designs was included in the FY 2003 President's budget).....	500
<u>BOCC 42.00 Insurance Claims and Indemnities</u>	\$0

FY 2004 Budget Estimates to Congress
ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(Dollars in thousands)

OBJECT CLASS CODE	Actual FY 2002	Estimate FY 2003	Adjustments To Establish FY 2004 Base	FY 2004 Base	Programmatic Changes (+/-)	FY 2004 Total Request
11 Personnel Compensation	\$140,415	\$151,298	\$3,706	\$155,004	\$1,680	\$156,684
12 Personnel Benefits	31,263	34,178	1,017	35,195	420	35,615
13 Benefits for Former Personnel	67	67	0	67	0	67
21 Travel & Trans. of Persons	1,201	2,046	25	2,071	64	2,135
22 Transportation of Things	114	114	3	117	0	117
23.1 GSA Rent	28,297	30,093	855	30,948	128	31,076
23.3 Other Rents, Communications, Utilities	6,213	6,704	134	6,838	0	6,838
24 Printing	1,431	1,431	29	1,460	0	1,460
25.2 Other Services	9,672	9,752	191	9,943	3,000	12,943
25.3 Fed. Purchase, Goods & Services	2,556	2,648	53	2,701	0	2,701
25.7 Op/Maint. of Equip./Software/ Info Sys	17,055	21,695	325	22,020	0	22,020
26 Supplies & Materials	1,840	1,864	33	1,897	40	1,937
31 Equipment/Software	4,840	6,350	0	6,350	268	6,618
32 Land, Buildings, Structures	12	12	0	12	500	512
42 Insur. Claims & Indemnities	64	75	0	75	0	75
SUB TOTAL APPROPRIATION AUTHORITY (Direct and Offsetting Collections)	\$245,040 1/	\$268,327	\$6,371	\$274,698	\$6,100	\$280,798
Reg. Fees (Sec. 9) Carryover	2,017	5,805 2/		0		0
Auction Reimb. Carryover	6,486 3/	0		0		0
Reimbursables - Gov't/Other	1,209	1,300		1,300		1,300
Auctions Cost Recovery-Reimbursement	77,917	96,805		98,742		98,742
TOTAL REQUEST	\$332,669	\$372,237	\$6,371	\$374,740	\$6,100	\$380,840

1/ Reflects rescission of \$29,000; P.L. 107-206, and lapse of approx. \$2,000 in unobligated funds.

2/ For presentation purposes Regulatory Fees were allocated to compensation/benefits pending resolution of appropriation status for FY 2003. Actual use will require authorization from Congress.

3/ Reflects the actual amount of funds carried forward from FY 2001 into FY 2002 for the Auctions Program XA Account.

FY 2004 Budget Estimates to Congress
PRORATA ALLOCATION OF OBLIGATIONS BY OBJECT CLASS CODE
(Dollars in thousands)

OBJECT CLASS CODE	FY 2003 Funding Source			FY 2004 Funding Source		
	Direct Authority	+ Offsetting Collections	= Total OC Allocation	Direct Authority	+ Offsetting Collections	= Total OC Allocation
11 Personnel Compensation	\$16,247	\$135,051	\$151,298	\$16,247	\$140,437	\$156,684
12 Personnel Benefits	3,670	30,508	34,178	3,670	31,945	35,615
13 Benefits for Former Personnel	7	60	67	7	60	67
21 Travel & Trans. of Persons	220	1,826	2,046	220	1,915	2,135
22 Transportation of Things	12	102	114	12	105	117
23.1 GSA Rent	3,232	26,861	30,093	3,232	27,844	31,076
23.3 Other Rents, Communications, Utilities	720	5,984	6,704	720	6,118	6,838
24 Printing	154	1,277	1,431	154	1,306	1,460
25.2 Other Services	1,047	8,705	9,752	1,047	11,896	12,943
25.3 Fed. Purchases, Goods & Services	284	2,364	2,648	284	2,417	2,701
25.7 Op/Maint. of Equip./Software/Info Sys	2,330	19,365	21,695	2,330	19,690	22,020
26 Supplies & Materials	200	1,664	1,864	200	1,737	1,937
31 Equipment/Software	682	5,668	6,350	682	5,936	6,618
32 Land, Buildings, Structures	1	11	12	1	511	512
42 Insur. Claims & Indemnities	8	67	75	8	67	75
Appropriation-Direct B/A	\$28,814		\$28,814	\$28,814		\$28,814
Appropriation-Offsetting Collections Reg. Fees B/A:		239,513	239,513		251,984	251,984
Subtotal-B/A in Language	\$28,814	\$239,513	\$268,327	\$28,814	\$251,984	\$280,798
Reg. Fees (Sec. 9) Carryover		5,805	5,805 1/		0	0
Auction Reimb. Carryover		0	0		0	0
Reimbursable Program - Gov't/Other (Est.)		1,300	1,300		1,300	1,300
Auctions Cost Recovery-Reimbursement		96,805	96,805		98,742	98,742
Total Gross Budget Authority			\$372,237			\$380,840

1/ For presentation purposes Regulatory Fees were allocated to compensation/benefits pending resolution of appropriation status for FY 2003. Actual use will require authorization from Congress.

UNIVERSAL SERVICE FUND

The Telecommunications Act of 1996 provides for a major restructuring of the Nation's communications laws, promotes universal service and open access to information networks, and provides for flexible government regulations. Under the Act, telecommunications carriers that provide interstate telecommunications services are required to contribute funds for the preservation and advancement of universal service. The contributions are used to provide services eligible for universal service support as prescribed by the FCC. Telecommunications carriers receive a credit towards their contribution by providing discount service to schools, libraries, and health care providers. Support will also be provided to carriers offering services in high cost areas of the United States and to carriers offering services to low income consumers.

Unavailable Collections (in millions of dollars)			
	2002 Actual	2003 Est.	2004 Est.
Receipts:			
02.00 Universal service fund	5,420	6,294	6,619
02.20 Universal service fund	52	35	32
02.99 Total receipts and collections	5,472	6,329	6,651
Appropriations:			
05.00 Universal service fund	-5,472	-6,329	-6,651
07.99 Balance, end of year	0	0	0

Program and Financing (in millions of dollars)			
	2002 Actual	2003 Est.	2004 Est.
Obligations by program activity:			
00.01 Direct program activity	5,464	6,860	6,623
00.02 Program support	42	56	59
10.00 Total new obligations (object class 41.0)	5,506	6,916	6,682
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2,296	2,263	1,676
22.00 New budget authority (gross)	5,472	6,329	6,651
23.90 Total budgetary resources available for obligation	7,768	8,592	8,327
23.95 Total new obligations	-5,506	-6,916	-6,682
24.40 Unobligated balance carried forward, end of year	2,263	1,676	1,645

UNIVERSAL SERVICE FUND

(Universal Service Fund Cont'd)		Program and Financing (in millions of dollars)		
		2002 Actual	2003 Est.	2004 Est.
New budget authority (gross), detail:				
Mandatory:				
60.20	Appropriation (special fund)	5,420	6,294	6,619
60.20	Appropriation (special fund)	52	35	32
62.50	Appropriation (total mandatory)	5,472	6,329	6,651
Change in obligated balances:				
Change in obligations balances, start of year:				
72.40	Obligated balance, start of year	0	397	956
73.10	Total new obligations	5,506	6,916	6,682
73.20	Total outlays (gross)	-5,108	-6,357	-6,588
74.40	Obligated balance, end of year	397	956	1,050
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	2,812	3,697	3,956
86.98	Outlays from mandatory balances	2,296	2,660	2,632
87.00	Total outlays (gross)	5,108	6,357	6,588
Net budget authority and outlays:				
89.00	Budget authority	5,472	6,329	6,651
90.00	Outlays	5,109	6,357	6,588

SPECTRUM AUCTION PROGRAM ACCOUNT

This program provides for direct loans for the purpose of purchasing spectrum licenses at the Federal Communications Commission's auctions. The licenses are being purchased on an installment basis, which constitutes an extension of credit. The first year of activity for this program was 1996.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated in 1992 and beyond (including modifications of direct loans and loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis and administrative expenses are estimated on a cash basis.

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Obligations by program activity:			
00.05 Reestimates of direct loan subsidy	94	362	0
00.06 Interest on reestimates of direct loan subsidy	40	163	0
00.09 Administrative Expenses	9	13	13
10.00 Total new obligations	143	538	13
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	0	2	0
22.00 New budget authority (gross)	145	536	13
23.90 Total budgetary resources available for obligation	145	538	0
23.95 Total new obligations	-143	-538	-13
24.40 Unobligated balance carried forward, end of year	2	0	0
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	142	536	13
69.00 Offsetting collections (cash)	3	25	0
69.27 Capital transfer to general fund	0	-25	0
69.90 Spending authority from offsetting collections (total mandatory)	3	0	0
70.00 Total new budget authority (gross)	145	536	13

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	3	3	0
73.10 Total new obligations	143	538	13
73.20 Total outlays (gross)	<u>-143</u>	<u>-541</u>	<u>-13</u>
74.40 Obligated balance, end of year	3	0	0
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	143	536	13
86.98 Outlays from mandatory balances	<u>0</u>	<u>5</u>	<u>0</u>
87.00 Total outlays (gross)	143	541	13
Offsets:			
Against budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-3	-25	0
Net budget authority and outlays:			
89.00 Budget authority	142	511	13
90.00 Outlays	140	516	13

Summary of Loan levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels	1	0	0
1159 Total direct loan levels	1	0	0
Direct loans subsidy (in percent):			
	15.37		
1320 Subsidy Rate	0	0	0
1329 Weighted average subsidy rate	0	0	0

Summary of Loan levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Direct loan subsidy budget authority:			
1330 Subsidy budget authority	0	0	0
1339 Total subsidy budget authority	0	0	0
Direct loan subsidy outlays:			
1340 Subsidy outlays	0	0	0
1349 Total subsidy outlays	0	0	0
Direct loan upward reestimate subsidy budget authority			
1350 Upward reestimate subsidy budget authority	134	525	0
1359 Total upward reestimate budget authority	134	525	0
Direct loan upward reestimate subsidy outlays			
1360 Upward reestimate subsidy outlays	134	525	0
1369 Total upward reestimate subsidy outlays	134	525	0
Direct loan downward reestimate subsidy budget authority			
1370 Downward reestimate subsidy budget authority	-3	-25	0
1379 Total downward reestimate budget authority	-3	-25	0
Direct loan downward reestimate subsidy outlays			
1380 Downward reestimate subsidy outlays	-3	-25	0
1389 Total downward reestimate subsidy outlays	-3	-25	0
Administrative expense data:			
3510 Budget authority	9	13	13
3580 Outlays from balances	0	0	0
3590 Outlays from new authority	9	13	13

Object Classification (in millions of dollars)

	2002 actual	2003 est.	2004 est.
11.11 Personnel compensation: Full-time permanent	1	1	1
25.52 Other services	8	12	12
41.10 Grants, subsidies, and contributions	134	525	0
99.99 Total new obligations	143	538	13

Personnel Summary

1001 Total compensable workyears: Full-time equivalent employment	8	8	8
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SPECTRUM AUCTION DIRECT LOAN FINANCING ACCOUNT

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Operating Expenses:			
00.01 Direct Loans	1	0	0
00.02 Interest Paid to Treasury	417	392	300
00.91 Direct Program by Activities - Subtotal (1 level)	418	392	300
08.02 Downward subsidy reestimate	2	16	0
08.04 Interest on downward reestimate	1	9	0
08.91 Direct Program by Activities - Subtotal (1 level)	3	25	0
10.00 Total new obligations	421	417	300
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	18	21	0
22.00 New financing authority (gross)	424	396	300
23.90 Total budgetary resources available for obligation	442	417	300
23.95 Total new obligations	-421	-417	-300
23.40 Unobligated balance carried forward, end of year	21	0	0
New budget authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow:	4	25	187
Offsetting collections			
69.00 Offsetting collections (Re-estimate)	94	362	0
69.00 Offsetting collections (Int-reestimate)	40	163	0

Program and Financing (in millions of dollars)

	2002 actual	2003 est.	2004 est.
69.00 Offsetting collections (Payment on loans)	345	94	113
69.00 Other Treasury collections (Auction 35 receipts)	0	997	0
69.00 Other Treasury collections (recoveries)	258	0	0
69.00 Other Treasury collections (pioneer's preference)	0	114	0
69.00 Offsetting collections (Treasury Int).	26	0	0
69.47 Portion applied to repay debt	-343	-1,359	0
69.90 Spending authority from offsetting collections (total mandatory)	420	371	113
70.00 Total new financing authority (gross)	424	396	300
Change in obligated balances:			
73.10 Total new obligations	421	417	300
73.20 Total financing disbursements (gross)	-421	-417	-300
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	421	417	300
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Program account: total revised subsidy	-134	-525	0
88.25 Interest on uninvested funds	-26	0	0
Non-Federal sources:			
88.40 Interest received on loans	-44	-27	-21
88.40 Principal received on loans	-301	-67	-92
88.40 Recoveries	-258	-997	0
88.40 Non-Federal sources	0	-114	0
88.90 Total offsetting collections (cash)	-763	-1,730	-113
Net budget authority and outlays:			
89.00 Financing authority	-339	-1,334	187
90.00 Financing disbursements	-342	-1,313	187

Status of Direct Loans (in millions of dollars)

	2002 actual	2003 est.	2004 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	0	0	0
1131 Direct loan obligation exempt from limitation	<u>1</u>	<u>0</u>	<u>0</u>
1150 Total direct loan obligations	1	0	0

Cumulative balance of direct loans outstanding:

1210 Outstanding, start of year	5,593	5,293	5,226
1231 Disbursements: Direct loan disbursements	1	0	0
1251 Repayments: Repayments and prepayments	-301	-67	-92
1263 Write-offs for default: Direct loans	<u>0</u>	<u>0</u>	<u>0</u>
1290 Outstanding, end of year	5,293	5,226	5,134

Balance Sheet (in millions of dollars)

	2001 actual	2002 actual	2003 est.	2004 est.
ASSETS:				
1101 Federal assets: Fund balance with Treasury	18	21	0	0
Net value of assets related to post-1991 direct loan receivable:				
1401 Direct loans receivable, gross	5,593	5,293	5,226	5,134
1402 Interest receivable	293	295	297	299
1405 Allowance for subsidy cost (-)	<u>216</u>	<u>-328</u>	<u>-1,086</u>	<u>-809</u>
1499 Net present value of assets related to direct loans	6,102	5,260	4,437	4,624
1901 Other Federal assets: Other assets	<u>0</u>	<u>525</u>	<u>0</u>	<u>0</u>
1999 Total assets	6,102	5,806	4,437	4,624
LIABILITIES:				
Federal liabilities				
2103 Resources payable to Treasury	6,110	5,771	4,437	4,624
2105 Other (liability to prog. acct.)	10	25	0	0
2105 Other Debt	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>
1999 Total liabilities	6,120	5,806	4,437	4,624
4999 Total liabilities and net position	6,120	5,806	4,437	4,624



CHAIRMAN

Federal Communications Commission

Washington, D.C.

November 29, 2002

The Honorable Joseph I. Lieberman
Chairman
Committee on Governmental Affairs
United States Senate
605 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

On September 30, 2002, the U.S. General Accounting Office ("GAO") released a report entitled TELECOMMUNICATIONS: Better Coordination and Enhanced Accountability Needed to Improve Spectrum Management (GAO-02-906) ("GAO Report"). The GAO Report made several recommendations, two of which concerned the Commission. This letter is to inform you of the actions the Federal Communications Commission has taken and will take with regard to the recommendations made by the GAO.

As noted in the Commission staff's August 28, 2002 letter (see Appendix III of the GAO Report), the GAO Report makes two recommendations that pertain to the Commission. The first recommendation is that: *The Secretary of Commerce and the Chairman of the Federal Communications Commission should establish and carry out formal, joint planning activities to develop a clearly defined national spectrum strategy to guide domestic and international spectrum management decision making. The results of these planning activities should be reported to the appropriate congressional committees.*

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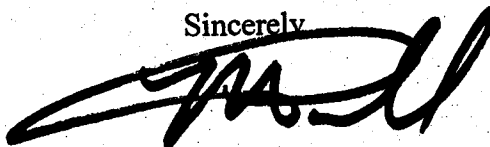
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Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

³ We plan to initiate rule making early next year to implement a few minor remaining reallocations in the upper reaches of the spectrum above 76 GHz. This will complete the process of addressing the WRC decisions mentioned in GAO's report.



Federal Communications Commission

Washington, D.C.

CHAIRMAN

November 29, 2002

The Honorable Fred Thompson
Ranking Member
Committee on Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Thompson:

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The second recommendation in the GAO Report that pertains to the Commission is: *Following the 2003 World Radio Communication Conference, the Secretary of State, the Secretary of Commerce, and the Chairman of the Federal Communications Commission should jointly review the adequacy of the process used to develop and promote the U.S. position, including the separate processes used by the FCC and NTIA, and the short tenure of the head of delegation, and prepare a report containing any needed recommendations for making improvements. The report should be provided to the appropriate congressional committees.*

I support this recommendation as well. The United States has had an outstanding record of success at past international radio conferences. The Commission has taken several actions following the 2000 World Radio Communication Conference ("WRC-2000") to improve the way the United States prepares for such conferences. In particular, the Commission formed the WRC Advisory Committee shortly after WRC-2000, which enabled us to develop Commission positions earlier in preparation for the 2003 Conference. This, in turn, has allowed for more time to coordinate among the other federal agencies to develop the U.S. positions for WRC-2003. I agree that it would be beneficial for the State Department, Department of Commerce, and Commission to review the U.S. preparatory processes further following WRC-2003 and to prepare a report containing any recommendations for improvements. We look forward to working closely with the WRC-2003 ambassador as soon as he or she is named.

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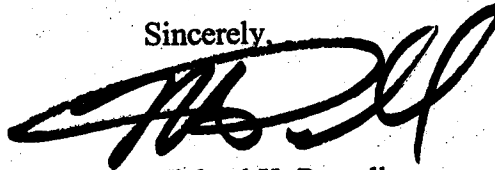
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Michael K. Powell
Chairman

cc: Director, Office of Management and Budget
Director, Physical Infrastructure Issues, U.S. General Accounting Office
Assistant Secretary for Communications and Information, Department of Commerce

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CHAIRMAN

Federal Communications Commission

Washington, D.C.

November 29, 2002

The Honorable Dan Burton
Chairman
Committee on Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

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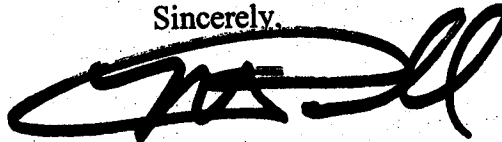
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Federal Communications Commission

Washington, D.C.

CHAIRMAN

November 29, 2002

The Honorable Henry A. Waxman
Ranking Member
Committee on Government Reform
U.S. House of Representatives
B-350A Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Waxman:

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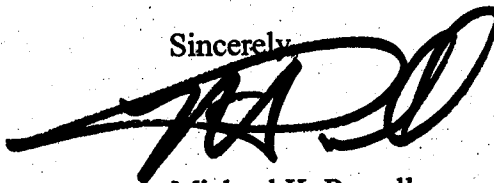
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Chairman

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Federal Communications Commission

Washington, D.C.

CHAIRMAN

January 28, 2003

The Honorable Susan Collins
Chairwoman
Committee on Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairwoman Collins:

On November 8, 2002, the U.S. General Accounting Office ("GAO") submitted a report to Congressman Markey entitled Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition (GAO-03-7). This letter is to inform you of the actions that the Federal Communications Commission has taken and will take regarding the GAO recommendations outlined in the report.

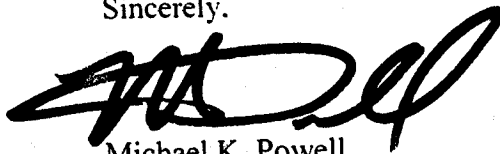
First, the report recommends that the Commission explore options to raise public awareness about the DTV transition and its implications. I fully agree that consumer education is critical to the transition's success. Consumers will embrace a new technology like digital television only when they understand what it is and what it means for their lives. In April 2002, I publicly called on the industries involved in the transition to take specific steps in this regard. Specifically, I asked broadcasters to promote their digital content over their analog broadcast facilities, cable operators to promote their digital television offerings on their systems and in monthly bills, and equipment manufacturers and retailers to make consumers aware of their digital television options at the point-of-sale. Here at the Commission, we recently sought comment on potential labeling requirements for analog and digital television sets to ensure that consumers are aware of the current and future capabilities of the equipment they purchase. We also intend to be a resource for consumers to obtain balanced information as they make necessary decisions regarding the DTV transition. Among other things, we maintain a digital television page on our website and assist consumers through our toll-free Call Center. We will continue our efforts to increase public awareness of digital television, within the confines of our resources and expertise, both on our own and in partnership with outside parties.

Second, the report recommends that the Commission study the costs and benefits of mandating that all new televisions be digital "cable ready." Compatibility between digital television sets and cable systems is one of the Commission's longstanding goals. We have employed a variety of mechanisms to resolve many of the complex and contentious issues involved, including formal rulemakings, mandatory reporting requirements, and face-to-face discussions among the parties. Recently, on December 19, 2002, major cable and consumer electronics companies submitted a package of joint recommendations to the Commission to promote the deployment of a national "plug and play" standard for one-way cable services. On

January 10, 2003, the Commission released a *Further Notice of Proposed Rulemaking* seeking public comment on the package. I anticipate that the Commission will examine the costs and benefits of any “plug and play” mandates in the context of the specific inter-industry proposal before us.

Finally, the report recommends that the Commission set a date certain for broadcasters' mandatory carriage rights to switch from their analog to their digital signals. As indicated in the letter from W. Kenneth Ferree, Chief of the Commission's Media Bureau, and included as Appendix IV in the GAO report, such a proposal is under consideration in the Commission's digital carriage proceeding. The record is now closed in that proceeding and the staff is preparing a draft Order for the Commission's consideration.

Sincerely,

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Michael K. Powell
Chairman

cc: Director, Physical Infrastructure Issues, U.S. General Accounting Office
Office of Management and Budget



Federal Communications Commission

Washington, D.C.

CHAIRMAN

January 28, 2003

The Honorable Joseph Lieberman
Ranking Member
Committee on Governmental Affairs
United States Senate
326 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Lieberman:

On November 8, 2002, the U.S. General Accounting Office ("GAO") submitted a report to Congressman Markey entitled Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition (GAO-03-7). This letter is to inform you of the actions that the Federal Communications Commission has taken and will take regarding the GAO recommendations outlined in the report.

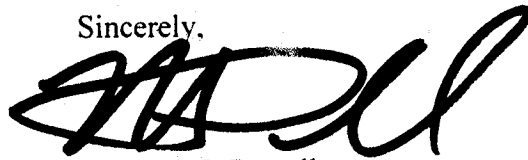
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Michael K. Powell
Chairman

cc: Director, Physical Infrastructure Issues, U.S. General Accounting Office
Office of Management and Budget



CHAIRMAN

Federal Communications Commission

Washington, D.C.

January 28, 2003

The Honorable Tom Davis
Chairman
Committee on Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Davis:

On November 8, 2002, the U.S. General Accounting Office ("GAO") submitted a report to Congressman Markey entitled Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition (GAO-03-7). This letter is to inform you of the actions that the Federal Communications Commission has taken and will take regarding the GAO recommendations outlined in the report.

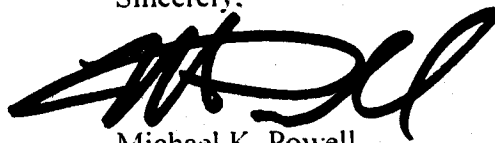
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Michael K. Powell
Chairman

cc: Director, Physical Infrastructure Issues, U.S. General Accounting Office
Office of Management and Budget



CHAIRMAN

Federal Communications Commission

Washington, D.C.

January 28, 2003

The Honorable Henry A. Waxman
Ranking Member
Committee on Government Reform
U.S. House of Representatives
B-350A Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Waxman:

On November 8, 2002, the U.S. General Accounting Office ("GAO") submitted a report to Congressman Markey entitled Telecommunications: Additional Federal Efforts Could Help Advance Digital Television Transition (GAO-03-7). This letter is to inform you of the actions that the Federal Communications Commission has taken and will take regarding the GAO recommendations outlined in the report.

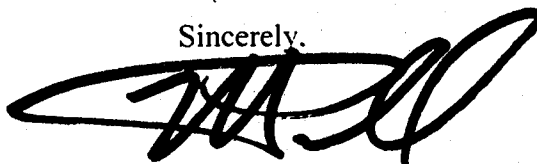
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Michael K. Powell
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